

PROPOSED AMENDMENT

HB 1002 # 13

DIGEST

Utility rate forecasting and notice. Requires a public utility that provides electric, gas, water, or wastewater utility service to retail customers (public utility) to make available on the public utility's website an online application (rate forecasting tool) that provides a retail customer of the public utility with an estimate of the amount the customer will be billed for the public utility's retail utility service in each of the next 12 calendar months. Requires an investor owned public utility to provide a separate estimate of the amount the customer would be billed under a budget billing plan. Requires an investor owned public utility to notify a residential customer: (1) when the customer's energy consumption for a month equals 50% of the customer's total energy consumption for the immediately preceding month; and (2) when the customer's energy consumption for a month equals 100% of the customer's total energy consumption for the immediately preceding month. Provides that: (1) if a change in a public utility's rates and charges authorized by the Indiana utility regulatory commission will result in an increase in the rates charged for retail utility service by the public utility to the public utility's retail customers, the public utility may not implement the change earlier than 90 days after the date on which the utility mails notice of the increase to the retail customers whose rates will be affected; and (2) the notice must include instructions as to how a retail customer can access and use the public utility's rate forecasting tool.

1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 8-1-2-4.3 IS ADDED TO THE INDIANA CODE
4 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
5 UPON PASSAGE]: **Sec. 4.3. (a) A public utility that provides:**
6 **(1) electric;**
7 **(2) gas;**
8 **(3) water; or**
9 **(4) wastewater;**
10 **utility service to retail customers shall, not later than January 1,**
11 **2027, make available on the public utility's website an online**
12 **application that provides a retail customer of the public utility with**
13 **a forecast of the amount the customer will be billed for the public**
14 **utility's retail utility service in each of the immediately succeeding**
15 **twelve (12) calendar months. The forecast provided by an investor**
16 **owned utility must include a separate estimate of the amount the**
17 **customer would be billed in each of the immediately succeeding**

twelve (12) calendar months under a budget billing plan (as defined in section 4.7 of this chapter).

(b) The forecast for a calendar month provided to a customer by a public utility's online application under subsection (a):

(1) must:

(A) be based on the higher of:

(i) the amount billed to the customer for the public utility's retail utility service; or

(ii) the customer's energy consumption in kilowatt hours; for that calendar month in each preceding year during which the customer received and was billed for the retail utility service; or

(B) if the customer has not been billed for the public utility's retail utility service for that calendar month in a preceding year, be based on the average amount billed to the public utility's retail customers for the retail utility service for that month in the immediately preceding calendar year;

(2) must account for any change in the public utility's retail rates that will take effect in or before that calendar month; and

(3) must provide a separate estimate that accounts for any prospective change in the public utility's retail rates:

(A) that is pending approval by the commission; and

(B) that, if approved by the commission, would take effect in or before that calendar month.

SECTION 2. IC 8-1-2-4.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.4. An investor owned public utility described in section 4.3 of this chapter shall notify a residential customer of the public utility:

(1) when the amount, in kilowatt hours, of the customer's energy consumption for a month equals fifty percent (50%) of the amount, in kilowatt hours, of the customer's total energy consumption for the immediately preceding month; and

(2) when the amount, in kilowatt hours, of the customer's energy consumption for a month equals one hundred percent (100%) of the amount, in kilowatt hours, of the customer's total energy consumption for the immediately preceding month.

A notice provided under this section must include the amount owed by the customer, at the time of the notice, for the customer's utility service for the month."

Page 3, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 3. IC 8-1-2-42, AS AMENDED BY P.L.93-2024, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 42. (a) No change shall be made in any schedule, including schedules of joint rates, except upon ~~thirty (30)~~ **ninety (90)** days notice to the commission, and approval by the commission, and all such changes shall be plainly indicated upon existing schedules or by filing new schedules in lieu thereof ~~thirty (30)~~ **ninety (90)** days prior to the time the same are to take effect. The commission may prescribe a shorter time within which a change may be made. A public, municipally owned, or cooperatively owned utility may not file a request for a general increase in its basic rates and charges within fifteen (15) months after the filing date of its most recent request for a general increase in its basic rates and charges, except that the commission may order a more timely increase if:

- (1) the requested increase relates to a different type of utility service;
- (2) the commission finds that the utility's financial integrity or service reliability is threatened; or
- (3) the increase is based on:
 - (A) a rate structure previously approved by the commission; or
 - (B) orders of federal courts or federal regulatory agencies having jurisdiction over the utility.

The phrase "general increase in basic rates and charges" does not include changes in rates related solely to the cost of fuel or to the cost of purchased gas or purchased electricity or adjustments in accordance with tracking provisions approved by the commission. In addition to other tracking provisions the commission finds appropriate, the commission may approve periodic tracking mechanisms for water utilities and wastewater utilities to permit recovery of changes in property taxes. The commission may also approve periodic tracking mechanisms calculated to recover from customers located within the geographic boundaries of local units of government the incremental costs of operation and maintenance of water utilities and wastewater utilities resulting from policies or ordinances that are adopted by those local units and that the commission determines to be unusual but not necessarily unreasonable under section 101 of this chapter. The

1 commission shall adopt rules under IC 4-22-2 to define what is
2 unreasonable with respect to road cut permits and other specifications
3 or policies established by a local unit that imposes costs on water or
4 wastewater utilities.

5 (b) No schedule of rates, tolls, and charges of a public, municipally
6 owned, or cooperatively owned utility which includes or authorizes any
7 changes in charges based upon costs is effective without the approval
8 of the commission. Before the commission approves any changes in the
9 schedule of rates, tolls, and charges of an electric utility, which
10 generates and sells electricity, based upon the cost of fuel to generate
11 electricity or upon the cost of fuel included in the cost of purchased
12 electricity, the utility consumer counselor shall examine the books and
13 records of the public, municipally owned, or cooperatively owned
14 generating utility to determine the cost of fuel upon which the proposed
15 charges are based. In addition, before such a fuel cost charge becomes
16 effective, the commission shall hold a summary hearing on the sole
17 issue of the fuel charge. The utility consumer counselor shall conduct
18 the utility consumer counselor's review and make a report to the
19 commission within twenty (20) days after the utility's request for the
20 fuel cost charge is filed. The commission shall hold the summary
21 hearing and issue its order within twenty (20) days after it receives the
22 utility consumer counselor's report. The provisions of this section and
23 sections 39, 43, 54, 55, 56, 59, 60, and 61 of this chapter concerning
24 the filing, printing, and changing of rate schedules and the time
25 required for giving notice of hearing and requiring publication of notice
26 do not apply to such a fuel cost charge or such a summary hearing.

27 (c) Regardless of the pendency of any request for a fuel cost charge
28 by any electric utility, the books and records pertaining to the cost of
29 fuel of all public, municipally owned, or cooperatively owned utilities
30 that generate electricity shall be examined by the utility consumer
31 counselor not less often than quarterly, and the books and records of all
32 electric nongenerating public, municipally owned, or cooperatively
33 owned utilities shall be examined by the utility consumer counselor not
34 less often than annually. The utility consumer counselor shall provide
35 the commission with a report as to the examination of said books and
36 records within a reasonable time following said examination. The
37 utility consumer counselor may, if appropriate, request of the
38 commission a reduction or elimination of the fuel cost charge. Upon
39 such request, the commission shall hold a hearing forthwith in the
40 manner provided in sections 58, 59, and 60 of this chapter.

(d) An electric generating utility may apply for a change in its fuel charge not more often than each three (3) months. When such application is filed the petitioning utility shall show to the commission its cost of fuel to generate electricity and the cost of fuel included in the cost of purchased electricity, for the period between its last order from the commission approving fuel costs in its basic rates and the latest month for which actual fuel costs are available. The petitioning utility shall also estimate its average fuel costs for the three (3) calendar months subsequent to the expiration of the twenty (20) day period allowed the commission in subsection (b). The commission shall conduct a formal hearing solely on the fuel cost charge requested in the petition subject to the notice requirements of IC 8-1-1-8 and shall grant the electric utility the requested fuel cost charge if it finds that:

(1) the electric utility has made every reasonable effort to acquire fuel and generate or purchase power or both so as to provide electricity to its retail customers at the lowest fuel cost reasonably possible;

(2) the actual increases in fuel cost through the latest month for which actual fuel costs are available since the last order of the commission approving basic rates and charges of the electric utility have not been offset by actual decreases in other operating expenses;

(3) the fuel adjustment charge applied for will not result in the electric utility earning a return in excess of the return authorized by the commission in the last proceeding in which the basic rates and charges of the electric utility were approved. However, subject to section 42.3 of this chapter, if the fuel charge applied for will result in the electric utility earning a return in excess of the return authorized by the commission, in the last proceeding in which basic rates and charges of the electric utility were approved, the fuel charge applied for will be reduced to the point where no such excess of return will be earned; and

(4) the utility's estimate of its prospective average fuel costs for each such three (3) calendar months are reasonable after taking into consideration:

(A) the actual fuel costs experienced by the utility during the latest three (3) calendar months for which actual fuel costs are available; and

(B) the estimated fuel costs for the same latest three (3) calendar months for which actual fuel costs are available.

1 (e) Should the commission at any time determine that an emergency
2 exists that could result in an abnormal change in fuel costs, it may, in
3 order to protect the public from the adverse effects of such change
4 suspend the provisions of subsection (d) as to the utility or utilities
5 affected by such an emergency and initiate such procedures as may be
6 necessary to protect both the public and the utility from harm. The
7 commission shall lift the suspension when it is satisfied the emergency
8 no longer exists.

9 (f) Any change in the fuel cost charge granted by the commission
10 under the provisions of this section shall be reflected in the rates
11 charged by the utility in the same manner as any other changes in rates
12 granted by the commission in a case approving the basic rates and
13 charges of the utility. However, the utility may file the change as a
14 separate amendment to its rate schedules with a reasonable reference
15 in the amendment that such charge is applicable to all of its filed rate
16 schedules.

17 (g) No schedule of rates, tolls, and charges of a public, municipally
18 owned, or cooperatively owned gas utility that includes or authorizes
19 any changes in charges based upon gas costs is effective without the
20 approval of the commission except those rates, tolls, and charges
21 contained in schedules that contain specific provisions for changes in
22 gas costs or the cost of gas that have previously been approved by the
23 commission. Gas costs or cost of gas may include the gas utility's costs
24 for gas purchased by it from pipeline suppliers, costs incurred for
25 leased gas storage and related transportation, costs for supplemental
26 and substitute gas supplies, costs incurred for exploration and
27 development of its own sources of gas supplies and other expenses
28 relating to gas costs as shall be approved by the commission. Changes
29 in a gas utility's rates, tolls, and charges based upon changes in its gas
30 costs shall be made in accordance with the following:

31 (1) Before the commission approves any changes in the schedule
32 of rates, tolls, and charges of a gas utility based upon the cost of
33 the gas, the utility consumer counselor may examine the books
34 and records of the public, municipally owned, or cooperatively
35 owned gas utility to determine the cost of gas upon which the
36 proposed changes are based. In addition, before such an
37 adjustment to the gas cost charge becomes effective, the
38 commission shall hold a summary hearing on the sole issue of the
39 gas cost adjustment. The utility consumer counselor shall conduct
40 the utility consumer counselor's review and make a report to the

1 commission within thirty (30) days after the utility's request for
2 the gas cost adjustment is filed. The commission shall hold the
3 summary hearing and issue its order within thirty (30) days after
4 it receives the utility consumer counselor's report. The provisions
5 of this section and sections 39, 43, 54, 55, 56, 59, 60, and 61 of
6 this chapter concerning the filing, printing, and changing of rate
7 schedules and the time required for giving notice of hearing and
8 requiring publication of notice do not apply to such a gas cost
9 adjustment or such a summary hearing.

10 (2) Regardless of the pendency of any request for a gas cost
11 adjustment by any gas utility, the books and records pertaining to
12 cost of gas of all public, municipally owned, or cooperatively
13 owned gas utilities shall be examined by the utility consumer
14 counselor not less often than annually. The utility consumer
15 counselor shall provide the commission with a report as to the
16 examination of said books and records within a reasonable time
17 following said examination. The utility consumer counselor may,
18 if appropriate, request of the commission a reduction or
19 elimination of the gas cost adjustment. Upon such request, the
20 commission shall hold a hearing forthwith in the manner provided
21 in sections 58, 59, and 60 of this chapter.

22 (3) A gas utility may apply for a change in its gas cost charge not
23 more often than each three (3) months. When such application is
24 filed, the petitioning utility shall show to the commission its cost
25 of gas for the period between its last order from the commission
26 approving gas costs in its basic rates and the latest month for
27 which actual gas costs are available. The petitioning utility shall
28 also estimate its average gas costs for a recovery period of not less
29 than the three (3) calendar months subsequent to the expiration of
30 the thirty (30) day period allowed the commission in subdivision
31 (1). The commission shall conduct a summary hearing solely on
32 the gas cost adjustment requested in the petition subject to the
33 notice requirements of IC 8-1-1-8 and may grant the gas utility the
34 requested gas cost charge if it finds that:

35 (A) the gas utility has made every reasonable effort to acquire
36 long term gas supplies so as to provide gas to its retail
37 customers at the lowest gas cost reasonably possible;

38 (B) the pipeline supplier or suppliers of the gas utility has
39 requested or has filed for a change in the costs of gas pursuant
40 to the jurisdiction and procedures of a duly constituted

regulatory authority;

(C) the gas cost adjustment applied for will not result, in the case of a public utility, in its earning a return in excess of the return authorized by the commission in the last proceeding in which the basic rates and charges of the public utility were approved; however, subject to section 42.3 of this chapter, if the gas cost adjustment applied for will result in the public utility earning a return in excess of the return authorized by the commission in the last proceeding in which basic rates and charges of the gas utility were approved, the gas cost adjustment applied for will be reduced to the point where no such excess of return will be earned; and

(D) the utility's estimate of its prospective average gas costs for each such future recovery period is reasonable and gives effect to:

(i) the actual gas costs experienced by the utility during the latest recovery period for which actual gas costs are available; and

(ii) the actual gas costs recovered by the adjustment of the same recovery period.

(4) Should the commission at any time determine that an emergency exists that could result in an abnormal change in gas costs, it may, in order to protect the public or the utility from the adverse effects of such change suspend the provisions of subdivision (3) as to the utility or utilities affected by such an emergency and initiate such procedures as may be necessary to protect both the public and the utility from harm. The commission shall lift the suspension when it is satisfied the emergency no longer exists.

(5) Any change in the gas cost charge granted by the commission under the provisions of this section shall be reflected in the rates charged by the utility in the same manner as any other changes in rates granted by the commission in a case approving the basic rates and charges of the utility. However, the utility may file the change as a separate amendment to its rate schedules with a reasonable reference in the amendment that such charge is applicable to all of its filed rate schedules."

Page 6, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 4. IC 8-1-2-42.8 IS ADDED TO THE INDIANA CODE

AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

1 UPON PASSAGE]: Sec. 42.8. (a) This section applies to a public
2 utility described in section 4.3 of this chapter.

3 (b) If a change in a public utility's rates and charges authorized
4 by the commission, including:

5 (1) a change in the utility's rates and charges related solely to
6 the cost of fuel or to the cost of purchased gas or purchased
7 electricity; or

8 (2) an adjustment to the utility's retail rates and charges made
9 in accordance with a tracking provision approved by the
10 commission;

11 will result in an increase in the rates charged for retail utility
12 service by the public utility to the public utility's retail customers,
13 the public utility may not implement the change in the public
14 utility's rates and charges earlier than ninety (90) days after the
15 date on which the utility mails notice of the increase to the retail
16 customers of the utility whose rates will be affected.

17 (c) A notice of a rate increase mailed to a customer under
18 subsection (b) must include instructions as to how the customer can
19 access and use the public utility's online application under section
20 4.3 of this chapter to obtain an estimate of the amount that will be
21 billed to the customer in the first twelve (12) months during which
22 the rate increase is in effect."

23 Renumber all SECTIONS consecutively.

(Reference is to HB 1002 as introduced.)